

ASSISTED LIVING TODAY

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MERGERS AND ACQUISITIONS HIGHLIGHT LATEST LISTING, WRITTEN BY *PRICEWATERHOUSECOOPERS* 

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Bringing Home Affordable Assisted Living

Coming Home program offers technical and other assistance for development of low-cost properties

BY ROBERT JENKENS

While assisted living has been one of the fastest-growing segments of the senior housing industry in recent years, it has focused on upper-income urban and suburban seniors, leaving low-income and rural residents with few non-institutional long-term care options in their communities.

While the need for affordable assisted living is great, the complexity of affordable assisted living development and operation is more than most not-for-profit and community organizations can take on without assistance. Developing affordable assisted living requires cooperation from multiple government agencies, an intimate understanding of complex funding and regulatory programs, and the capacity to assemble capital piece by piece.

To address this problem, NCB Development Corp. (NCBDC) partnered with The Robert Wood Johnson Foundation in 1992 to create the Coming Home Program for affordable assisted living. Coming Home is specifically designed to provide technical assistance at the state and community level to build capacity for the development and provision of affordable assisted living. The program is based on the idea that the shortage of affordable assisted living can be addressed most effectively by supporting states in their efforts to implement or refine affordable assisted living policies and programs; helping local organizations gain development and operational expertise; and transferring knowledge about affordable assisted living to local organizations capable of becoming mentors in their region.

The program began with the development of a 40-unit project in southern Illinois. Coming Home partnered with River to River Residential Corp. to develop the Cache Valley Assisted Living Apartments, which opened in 1996 after two years of planning. Now, six years after opening Cache Valley, River to River is operating 172 units of assisted living in four projects. With the completion of its latest project, Hurricane Creek, River to River has

gained the breadth and depth of experience in assisted living models to become a valuable, standalone technical assistance resource for southern Illinois and the rest of the country. Its projects serve to inspire other community and not-for-profit organizations to create affordable assisted living.

GETTING CACHE VALLEY OFF THE GROUND

The non-profit River to River Residential was formed by Coming Home and Shawnee Health Service and Development Corp., a non-profit health and social service agency operating community health clinics in southern Illinois with experience in elder care programs.

AT-A-GLANCE

- ▶ Developing affordable assisted living requires cooperation from multiple government agencies, an intimate understanding of complex funding and regulatory programs, and the capacity to assemble capital piece by piece.
- ▶ Six years after opening its first project, River to River, formed by the Coming Home program, is now operating 172 units of assisted living.
- ▶ Just as Coming Home served as a catalyst and capacity builder for the first River to River project, River to River now serves as a resource for development among its peers.

River to River was established to provide affordable assisted living services to Cache Valley, a four-county area of southern Illinois where seniors comprise 18 percent of the total population of 45,984. The area has the highest unemployment and poverty rates in Illinois. Income levels are among the lowest in the country with 77 percent of the seniors in this region reporting incomes below \$15,000 annually. Prior to the establishment of River to River, the region had no low-income elderly rental apartments with (or without) services

and the few nursing homes all had lengthy waiting lists.

Coming Home and River to River proceeded with two goals in mind—one, to build River to River's capacity to develop and provide affordable assisted living, and two, to work with the state to craft the reimbursement programs that support affordable assisted living.

Starting in 1993, Coming Home and River to River began the development of the Cache Valley Assisted Living Apartment project in Ullin, Illinois, a town of 500 people. Residents of Cache Valley are all frail seniors eligible for nursing home care, many of whom come from farms or similar small communities, like Ullin, in neighboring counties.

Cache Valley was one of the first low-income assisted living projects in rural America. One hundred percent of Cache Valley's rents are affordable to seniors at 60 percent of the median income level for the area. Half of the unit rents are affordable to residents under 50 percent of the area median. The rents, \$300 to \$440 a month, were reduced to an affordable level by the infusion of equity from the low-income housing tax credit program.

All of the tenants in Cache Valley Assisted Living Apartments are frail and Medicaid-eligible, so services are paid for by the state through the Medicaid Home and Community-Based Waiver Program. Services, including three meals per day, laundry, recreation, social and personal care services, medication management, housekeeping, transportation, and money management, are available to residents on an as-needed basis 24 hours per day. Personal care services, including assistance with the activities of daily living, are designed to enable residents to live as independently as possible. The service payment is based on the individual's frailty level. The capitated care plan rate, paid by the state, ranges from a low of \$236 per month to a high of \$1,598 depending on service needs.

Cache Valley leased up immediately and has had a waiting list of at least 50 people ever since. The project is the largest private development in the valley

in the past decade, and the valley's first-ever affordable housing development. It was even honored with an ALFA Best of Home Award in 1998.

PROJECT TWO: BIG MUDDY EAST

With the success of Cache Valley, an understanding of what assisted living development and operation requires, and much of the internal capacity required, River to River was ready in 1998 to take on another assisted living project, Big Muddy East Assisted Living. Big Muddy East is located 50 miles north of Ullin in Murphysboro, Illinois. Using River to River's own capacity as well as building on the local relationships developed during the Cache Valley project, River to River constructed 50 affordable assisted living units. River to River decided to use its evolving knowledge and become the direct services provider rather than rely on a third-party manager as it did at Cache Valley.

Big Muddy East attracted more business than it could accommodate when it opened and the waiting list grew. But River to River learned a new lesson: Many of the community residents that expressed an interest in living at Big Muddy East came from a range of financial situations, from very low-income seniors to those who could afford to pay privately for assisted living.

Unfortunately, the development subsidy structure of the project required River to River to only admit low-income residents.

From this experience, River to River understood that development in rural communities should not target a single income bracket. The population of these communities is not large enough to support separate affordable and market-rate projects. It became clear that if River to River was going to serve community needs and not leave a segment of the frail senior community without options, it needed to revise its emerging model.

To improve upon what it had started with Big Muddy East, River to River added Big Muddy West—24 units of market-rate assisted living located adjacent to the original property. In retrospect, River to River realized it would

have been ideal to develop one assisted living facility in the community that accommodated the full range of incomes. That was the inspiration for River to River's next project, the project it would subsequently use as a model for other projects—Hurricane Creek.

PROJECT THREE: HURRICANE CREEK

Hurricane Creek Assisted Living, constructed in the fall of 2001 and located in Herrin, Illinois, is the first mixed-income project River to River pursued. Working closely with the architect, River to River came up with a design that accommodates residents of all income levels in one facility. The campus consists of two buildings, one affordable and one market-rate, both under one roof. The buildings have a reciprocal easement agreement for shared common areas and property amenities.

Economic stratification goes completely unnoticed: Rent rates are confidential and the units were all constructed with exactly the same materials in exactly the same format. In other words, tenants whose rent and service payments are subsidized live in an apartment that is identical to that of their market-rate-paying neighbors. All units are relatively affordable, with residents paying anywhere from a low of \$315 (usually paid from a resident's SSI funds) to a high of \$1,879 (paid from a resident's private resources). Rent and service subsidies vary based on the residents' need, income, and assets.

River to River continues to expand its reach to meet the affordable assisted living needs of its four-county service area and the technical assistance needs of southern Illinois and other states. At least five different states (Iowa, Connecticut, Indiana, Arkansas, and Tennessee), nine developments in Illinois, and several community-based organizations have approached River to River with an interest in learning how to develop affordable assisted living. River to River has provided technical assistance to six organizations, addressing the full spectrum of issues, from the very basic (e.g., how to get started, pulling together a consortium of people,

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creating the service package) to highly technical consulting on financing the housing piece. River to River spends two to three days, on average, with each technical assistance recipient.

Just as Coming Home served as a catalyst and capacity builder for the first River to River project, River to River now serves as a resource for development among its peers. With this method of capacity building, Coming Home, NCBDC, and the Robert Wood Johnson Foundation are able to work toward an exponential increase in the technical assistance resources required to address the shortage of affordable assisted living.

Coming Home continues to work with states and local sponsors to create capacity. The current Coming Home grant program is working with nine state governments on affordable assisted living policy and demonstration projects. With the right policy environment in place, examples of successful demonstration projects in each state, and local experts to facilitate development, Coming Home expects to recreate the success of the River to River experience in the nine grantee states.

Robert Jenkins is vice president of NCB Development Corp. in Washington, D.C. For more information on NCBDC's Coming Home Program, technical assistance tools, and case studies of successful affordable assisted living projects, visit www.ncbdc.org.